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August 18, 2005

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

Re: NSTAR Gas Company, D.T.E. 05-47
Request for Approval of Firm Transportation Agreement

Dear Secretary Cottrell:

On behalf of NSTAR Gas Company (the "Company") in the above-referenced proceeding, please find attached the following documents:

- the Company's Initial Brief;
- a Motion For Protective Treatment; and
- redacted versions of Exhibits DTE-NSTAR-2-6(a) through (j) and DTE-NSTAR-2-10(a) and (b).

Please contact me or Cheryl Kimball if you have any questions regarding the filing. Thank you for your consideration and assistance in this matter.

Very truly yours,

John K. Habib

John K. Habib

Enclosures

cc: Carol M. Pieper, Hearing Officer
Andréas Thanos, Assistant Director, Gas Division
Ken Dell Orto, Gas Division
Timothy Cargill, Gas Division
Service List

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

NSTAR Gas Company	)	D.T.E. 05-47

MOTION OF NSTAR GAS COMPANY FOR PROTECTIVE TREATMENT OF CONFIDENTIAL INFORMATION

Now comes NSTAR Gas Company ("NSTAR Gas" or the "Company") and hereby requests the Department of Telecommunications and Energy (the "Department") to grant protection from public disclosure of certain confidential, competitively sensitive and proprietary information submitted in this proceeding in accordance with G.L. c. 25, § 5D. The Company requests that the Department protect from public disclosure price terms in the following exhibits: (1) Exh. DTE-NSTAR-2-6(a) through (j); (2) Exh. DTE-NSTAR-2-9; (3) Exh. DTE-NSTAR-2-10; and (4) Exh. DTE-NSTAR-2-10(a) and (b), each filed on August 9, 2005,[1] in conjunction with the Company's request for approval, pursuant to G.L. c. 164, § 94A, of an agreement (the "Permanent Release Agreement") with Dartmouth Power Associates Limited Partnership ("Dartmouth Power") for the permanent release of long-term transportation capacity. As discussed below, the price information in these exhibits is competitively sensitive and its release to the public would jeopardize the integrity of future negotiations between the Company and gas-supply companies, which would have an adverse impact on the Company's customers.

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[1] Redacted copies of Attachments DTE-NSTAR-2-6(a) through (j) and Attachments DTE-NSTAR-2-10(a) and (b) are attached hereto. Redacted copies of Exhibits DTE-NSTAR-2-9 and 2-10 were provided to the Department on August 9, 2005.

I. LEGAL STANDARD

Confidential information may be protected from public disclosure in accordance with G.L. c. 25, § 5D, which states in part that:

> The [D]epartment may protect from public disclosure, trade secrets, confidential, competitively sensitive or other proprietary information provided in the course of proceedings conducted pursuant to this chapter. There shall be a presumption that the information for which such protection is sought is public information and the burden shall be on the proponent of such protection to prove the need for such protection. Where the need has been found to exist, the [D]epartment shall protect only so much of the information as is necessary to meet such need.

In interpreting the statute, the Department has held that:

> . . . [T]he burden on the company is to establish the need for protection of the information cited by the company. In determining the existence and extent of such need, the Department must consider the presumption in favor of disclosure and the specific reasons why disclosure of the disputed information benefits the public interest.

The Berkshire Gas Company et al., D.P.U. 93-187/188/189/190, at 16 (1994) as cited in Hearing Officers Ruling On the Motion of Boston Gas Company for Confidentiality, D.P.U. 96-50, at 4 (1996).

In practice, the Department has often exercised its authority to protect sensitive market information. For example, the Department has determined specifically that competitively sensitive information, such as price terms, are subject to protective status:

> The Department will continue to accord protective status when the proponent carries its burden of proof by indicating the manner in which the price term is competitively sensitive. Proponents generally will face a more difficult task of overcoming the statutory presumption against the disclosure of other terms, such as the identity of the customer.

Standard of Review for Electric Contracts, D.P.U. 96-39, at 2, Letter Order (August 30, 1996). See also Colonial Gas Company, D.P.U. 96-18, at 4 (1996) (the Department determined that price terms were protected in gas supply contracts and allowed Colonial Gas Company's request to protect pricing information including all "reservation fees or charges, demand charges, commodity charges and other pricing information").

Moreover, the Department has recognized that competitively sensitive terms in a competitive market should be protected and that such protection is desirable as a matter of public policy:

> The Department recognizes that the replacement gas purchases . . . are being made in a substantially competitive market with a wide field of potential suppliers. This competitive market should allow LDC's to obtain lower gas prices for the benefit of their ratepayers. Clearly the Department should ensure that its review process does not undermine the LDC's efforts to negotiate low cost flexible supply contracts for their systems. The Department also recognizes that a policy of affording contract confidentiality may add value to contracts and provide benefits to ultimate consumers of gas, the LDC's ratepayers, and therefore may be desirable for policy reasons.

The Berkshire Gas Company et al., D.P.U 93-187/188/189/190, at 20 (1994).

II. BASIS FOR CONFIDENTIALITY

The Company seeks protection from public disclosure of certain price terms that are considered to be confidential, commercially sensitive and proprietary by the Company. The Company is an active participant in the gas-supply market and requires confidential treatment of these terms in order to protect its bargaining latitude and negotiating leverage in achieving gas-resource arrangements such as the one proposed in this filing.

Consistent with the Department's precedent, the Company is requesting confidential treatment for price terms only. Disclosure of the price terms associated with the Company's economic analysis of the Permanent Release Agreement has the potential to cause substantial harm to NSTAR Gas, which may in the future negotiate similar agreements with other participants in the Massachusetts gas market. Specifically, disclosure of the price terms may create a circumstance where NSTAR Gas would be compelled to negotiate against the prices set forth in the economic analysis in virtually every subsequent contract. In addition, if prices were disclosed, important, competitively sensitive information regarding the results of a request for proposals process conducted by the Company would be disclosed making it difficult for the Company to attract bidders in a subsequent bid solicitation process. Such outcomes would also be contrary to the interests of the Company's customers in that disclosure of the pricing terms would potentially impede the Company's ability to obtain similar or better prices from other suppliers in the future should it require additional storage and transportation services.

In short, price terms must remain confidential to preserve the Company's future negotiating leverage and its ability to function effectively in the gas supply marketplace. Disclosure of contract price terms may dissuade gas suppliers, who must protect their competitive position in the national market, from marketing supplies in Massachusetts. Moreover, a lack of confidentiality may discourage suppliers from making concessions or agreeing to specific provisions more favorable to the buyer because public knowledge of such precedents would decrease the suppliers' bargaining leverage in other negotiations.

The harmful impact of price disclosures is well known to the Department. It has consistently held that price information is confidential and recognized that price information is competitively sensitive as set forth in the statute. See Colonial Gas Company, D.P.U. 96-18, at 4 (1996). Indeed, the Department has recognized the gas industry's concerns regarding disclosure of supply contract price terms. See The Berkshire Gas Company, D.P.U 93-187/188/189/190, at 20 (1994).

III. DESCRIPTION OF CONFIDENTIAL CONTRACT TERMS

The Company has requested that all price terms contained in the following exhibits be held confidential during the course of this proceeding and through the terms of the Permanent Release Agreement: (1) Exh. DTE-NSTAR-2-6(a) through (j); (2) Exh. DTE-NSTAR-2-9; (3) Exh. DTE-NSTAR-2-10; and (4) Exh. DTE-NSTAR-2-10(a) and (b). The price terms in these documents relate to responses to the Company's January 2005 Request for Proposals for gas resources and/or the Company's economic analysis of the Permanent Release Agreement.

IV. CONCLUSION

The Department has consistently held that price terms are considered to be confidential, commercially sensitive and proprietary. Disclosure on the public record of pricing information will negatively affect the parties future bargaining position and could have a negative effect on the marketplace by dissuading potential suppliers from competing in Massachusetts.

WHEREFORE, the Company respectfully requests that the Department grant its Motion for Protective Treatment as stated herein.

Respectfully submitted,

NSTAR GAS COMPANY

By its attorneys,

John K. Habib

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Dated: August 18, 2005

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

NSTAR Gas Company	)))	D.T.E. 05-47

INITIAL BRIEF OF NSTAR GAS COMPANY

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Dated: August 18, 2005

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

NSTAR Gas Company	)	D.T.E. 05-47

BRIEF OF NSTAR GAS COMPANY

I. INTRODUCTION

On June 30, 2005, NSTAR Gas Company ("NSTAR Gas" or the "Company") filed with the Department of Telecommunications and Energy (the "Department") for approval under G.L. c. 164, § 94A to accept a release of long-term transportation capacity under an agreement (the "Permanent Release Agreement") with Dartmouth Power Associates Limited Partnership ("Dartmouth Power"). Under the Permanent Release Agreement, Dartmouth Power will release to NSTAR Gas a total of 14,010 MMBtu/day of firm transportation capacity on the interstate pipeline owned and operated by Algonquin Gas Transmission, LLC ("Algonquin"), for the period August 1, 2006 through October 31, 2012.

The Algonquin capacity provides firm transportation on a segment of the G-Lateral system extending from the Algonquin interconnection with the Tennessee interstate pipeline in Mendon, Massachusetts to the Dartmouth Power meter station located Dartmouth, Massachusetts. The Dartmouth Power meter is immediately upstream of the NSTAR Gas meter station in New Bedford, Massachusetts. As of August 1, 2005, NSTAR Gas assumed temporary assignment of the capacity by virtue of a "Temporary Release Agreement" covering the period August 1, 2005 through the earlier of

July 31, 2006 and the closing date of the Permanent Release Agreement. Thus, if the Department approves the Permanent Release Agreement in this proceeding, the permanent assignment would be completed shortly thereafter and would continue in effect through October 31, 2012. However, if the Department has not issued a final order in this proceeding as of September 30, 2005, Dartmouth Power has the option to terminate the Permanent Release Agreement.[1]

In accordance with a duly published notice, the Department held a public hearing at its Boston offices on July 28, 2005. Dartmouth Power and Algonquin were granted leave to participate in this proceeding as limited participants. The record in this proceeding consists of 19 exhibits, including: (1) the prefiled testimony of Max A. Gowen and supporting documentation; and (2) the Company's responses to 13 information requests issued by the Department.

As discussed below, the record in this proceeding demonstrates that the Company's plan to acquire the Dartmouth Power capacity through the Permanent Release Agreement is consistent with the public interest because: (1) acquisition of the capacity is consistent with the Company's portfolio objectives set forth in the Load Forecast and Resource Plan currently pending before the Department in NSTAR Gas Company, D.T.E. 05-46 (the "Pending Supply Plan"); and (2) compares favorably on price and non-price factors to the range of alternatives reasonably available to the Company and its customers. Accordingly, the Department should approve the Permanent Release Agreement.

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1 In its initial filing, NSTAR Gas requested approval by the Department by mid-September so that arrangements for the capacity could be completed by the September 30, 2005 deadline set forth in the Permanent Release Agreement.

II. STANDARD OF REVIEW

In evaluating a gas utility's options for the acquisition of capacity or commodity resources, pursuant to G.L. c. 164, § 94A, the Department examines whether the acquisition of the resource is consistent with the public interest. Commonwealth Gas Company, D.P.U 94-174-A at 27 (1996). To determine whether the acquisition is consistent with the public interest, the Department evaluates whether, at the time of the acquisition, the acquisition: (1) is consistent with the company's gas resource portfolio objectives; and (2) compares favorably to the range of alternatives reasonably available to the company and its customers. Id.

To determine whether a proposed resource compares favorably to the range of alternatives reasonably available to the company, the Department considers both price and non-price factors. With respect to price, the Department considers whether the pricing terms are competitive with those for the range of capacity, storage and commodity options that are available to the company at the time of the acquisition, as well as with those opportunities that are available to other local distribution companies in the region. Id. at 28. With respect to non-price factors, the Department considers whether the acquisition satisfies the company's non-price objectives, including, but not limited to, flexibility of nominations and reliability and diversity of supplies. Id. at 29.

III. THE PERMANENT RELEASE AGREEMENT IS CONSISTENT WITH THE PUBLIC INTEREST

As demonstrated by the evidence presented by the Company, the proposed Permanent Release Agreement is: (1) consistent with the Company's portfolio objectives set forth in its Pending Supply Plan; and (2) compares favorably to the range of alternatives reasonably available to the Company and its customers.

A. The Permanent Release Agreement Is Consistent With the Company's Pending Supply Plan

The record for this proceeding shows that the Company's Pending Supply Plan covers the forecast period 2005-06 through 2009-10 (Exhibit DTE-NSTAR-2-1). The Pending Supply Plan demonstrates that the Company needs to secure additional resources totaling approximately 1,687 BBtu (or 1,687,000 MMBtus) to meet design winter conditions in 2005-06, with the need escalating to 3,088 BBtu (or 3,088,000 MMBtus) for the winter season 2009-10 (id.).[2] As discussed in the Pending Supply Plan, the Company needs to procure a firm resource to meet these requirements in order to ensure the reliability of the resource portfolio (id.). The proposed Permanent Release Agreement would provide 14,010 MMBtu/day of firm transportation capacity or 2,115,500 MMBtus over the winter season.[3] Because the Pending Supply Plan shows a need for winter resources and procurement of the proposed Permanent Release Agreement would fulfill that need, the proposed Permanent Release Agreement is consistent with the Pending Supply Plan.

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2 The Pending Supply Plan also shows a need for design-day resources totaling 4,860 MMBtu/day beginning in 2006-07, increasing to 19,800 MMBtu/day in 2009-10 (Exh. NSTAR-1, at 6; Pending Supply Plan at Att. 1, Table G-23). Because the design-winter incremental requirement is greater than the design-day incremental requirement, the additional deliverability addressing the design winter shortfall would also solve the design-day shortfall (Exh. NSTAR-1, at 7).

3 Although the quantities available under the Permanent Release Agreement are slightly greater than the need identified in the Pending Supply Plan just for the 2005-06 heating season, there is no possibility of procuring a portion of the capacity from Dartmouth Power for that period. As the Company explained in response to Information Request DTE-2-7, the Company is not able to precisely match available resources to identified need when undertaking to procure a new resource. Significantly, by the third year of the Agreement (i.e., the 2007-08 heating season), the Company will require incremental resources *in addition* to the Dartmouth Power capacity.

The Company also demonstrated that the proposed Release Agreement is consistent with the Load Forecast and Resource Plan approved by the Department in NSTAR Gas Company, D.T.E. 02-12 (2003) (the "Approved Supply Plan"). The record shows that the Approved Supply Plan covered the five-year forecast period 2001-02 through 2005-06 (Exh. DTE-NSTAR-2-1). The Approved Supply Plan demonstrated a need for "unserved need" totaling 397 BBtu (or 397,000 MMBtus) in a design winter beginning in the 2005-06 heating season (D.T.E. 02-12, Table G-22D).[4] In the Approved Supply Plan (prepared in 2001), the Company did not suggest that it would procure a resource to meet this shortfall because the Company's experience indicates that up to 500 BBtu of citygate supplies would be available over a winter season to meet firm sendout requirements (Exh. DTE-NSTAR-2-1). However, the record shows that the Pending Supply Plan incorporates updated data for system growth occurring since the last filing and, as a result, shows considerably greater resource requirements beginning with the 2005-06 winter season (Exh. DTE-NSTAR-2-1, citing Table G-22D, D.T.E. 05-46). Accordingly, the proposed Permanent Release Agreement is consistent with both the Approved and Pending Supply Plans.

B. The Dartmouth Power Capacity Compares Favorably to the Range of Alternatives Reasonably Available to the Company and its Customers.

1. The Release Agreement Compares Favorably to Available Alternatives Based on Price.

In January 2005, NSTAR Gas issued a request for proposals ("RFP") to solicit proposals both for the 2005-06 winter season and for winter services over a five-year

4 In the Pending Supply Plan, the term "unserved need" is replaced with the term "citygate supplies." Citygate supplies are resources that the Company relies on to meet seasonal requirements over the winter period, but that are not under firm contract (Exh. DTE-NSTAR-2-1).

period of 2005-06 through 2009-10 (Exh. NSTAR-1, at 12; Exh. DTE-NSTAR-2-6). The Company solicited proposals for quantities ranging from 5,000 MMBtu/day in 2005-06 to 22,000 MMBtu/day in 2009-10 (Exh. NSTAR-1, at 12; Exh. DTE-NSTAR-2-6).

To demonstrate that the proposed Permanent Release Agreement is in the public interest, the Company compared the cost of gas supplies that would become available to customers by virtue of the Permanent Release Agreement to the only reasonably available alternative (as determined by the January RFP), which was a proposal submitted by Distrigas of Massachusetts ("DOMAC"). However, DOMAC offered a five-year arrangement to provide only a *portion* of the requested quantities to the New Bedford/Plymouth area on a firm basis (Exh. NSTAR-1, at 13). Therefore, to perform an "apples to apples" cost comparison with the Release Agreement, the Company assumed that comparable volumes of gas would be available under the DOMAC option (id. at 15). In addition, the Company evaluated both options on a "bundled basis" (with both capacity and gas supply costs included), because the DOMAC response to the RFP was submitted as a "bundled" price (Exhibit DTE-NSTAR-2-9). To develop a "bundled" price for the Dartmouth capacity, the Company evaluated the cost under two separate gas-supply scenarios, which are: (1) the purchase of gas supply at the Mendon, Massachusetts receipt point; and (2) the purchase of gas supply at Waddington, New York with transport to the Mendon receipt point (id.). These alternatives are designated as "Option 1" and "Option 2," respectively.

Specifically, as shown in Exhibit MAG-5 **CONFIDENTIAL**, the Company analyzed the following alternatives:

Option 1: Procurement of a 151-day gas supply purchased at the Mendon delivery point and delivered to the New Bedford, Plymouth and Pine Hills take stations using the Dartmouth Power capacity (with modified delivery points purchased from Algonquin). This alternative is referred to in Exhibit MAG-5 **CONFIDENTIAL** as the "Dartmouth-Mendon Alternative."

Option 2: Procurement of a 151-day gas supply purchases at Waddington, NY and transported to the Mendon delivery point and delivered to the New Bedford, Plymouth and Pine Hills take stations using the Dartmouth Power capacity (with modified delivery points purchased from Algonquin). This alternative is referred to in Exhibit MAG-5 **CONFIDENTIAL** as the "Dartmouth-Waddington Alternative."

Option 3: DOMAC citygate delivery contract.

(Exh. NSTAR-1, at 14-15).

The basic cost of the transportation capacity for the Algonquin system is $6.5854/MMBtu/month for rate schedules AFT-1 and AFT-E (Exh. NSTAR-1, at 16). These are the rates paid by long-term Algonquin customers for their original contracts and earliest incremental expansion contracts that have been rolled in as a result of Algonquin rate cases (id.). The rate for deliveries using the capacity released under the Permanent Release Agreement will be the existing Algonquin AFT-2 rate, which is actually lower than the system average rate and has a reservation charge of $6.1138/MMBtu/month and no commodity charge except the FERC Annual Cost Adjustment (ACA) (id. at 16-17). For the purposes of the cost analysis, NSTAR Gas assumed that it would obtain savings of $0.02/MMBtu in the summer period (214 days) through a temporary release of the Dartmouth Power capacity, based on input from several marketers active in the New England market (id. at 17).

For the Option 2 cost analysis, the Waddington, NY to Wright NY capacity cost is based on the Iroquois transportation cost, which includes a reservation charge, the commodity rate and the ACA charge (Exh. NSTAR-1, at 17). This service would be a secondary firm service for the 7-month contract period (id.). The Wright to Mendon capacity cost is based on the Tennessee FT-A Zone 5-6 rates with an annual fixed cost and a commodity rate, plus the ACA surcharge (id.).

To create an "apples-to-apples" comparison with the DOMAC citygate service, the Company developed a cost analysis for Option 1 and Option 2 including: (1) the cost of the Dartmouth Power capacity (AFT-2 tariff rate); (2) the cost of commodity that would be purchased for transport over the Dartmouth Power capacity (purchased at Mendon or transported to Mendon from Waddington), and (3) the cost of establishing delivery points at the Plymouth and Pine Hills take stations (Exh. NSTAR-1, at 17-18). The commodity costs used for Option 1, 2 and 3 in the analysis are shown in Exhibit MAG-6 **CONFIDENTIAL** (see also Exh. DTE-NSTAR-2-10 **CONFIDENTIAL**). The Company then compared this cost to the cost of the citygate service provided by DOMAC in Exhibit MAG-5 **CONFIDENTIAL** (id. at 18).

At the time of the Company's cost comparison analysis, Algonquin had not concluded an open season that would allow Algonquin to provide the Company with a cost estimate associated with the change in delivery points to the Plymouth and Pine Hills take stations (Exh. NSTAR-1, at 18).[5] Therefore, to estimate the cost of redirecting some of the capacity from New Bedford to the Plymouth and Pine Hills take stations, the Company developed a proxy for the cost of modifying the contractual delivery points

[5] Although the Company intends to work with Algonquin to establish delivery points at Plymouth and Pine Hills, the acquisition of the Dartmouth Power capacity on the Algonquin G-System, even if only to the New Bedford meter station, is an important first step to improve the Company's access to supply because it will allow gas to flow beyond the bottlenecks on the G-system (Exh. DTE-NSTAR-2-5).

(id.). This cost was then prorated to apply to the 9,000 MMBtu/day that would be redirected to the Plymouth and Pine Hills take stations beginning in November 2007.[6]

Using SENDOUT software, the Company modeled each of the three options individually under design and normal weather conditions (Exh. NSTAR-1, at 18; Exh. DTE-NSTAR-2-8). Based on the parameters described above, both Option 1 (Dartmouth-Mendon) and Option 2 (Dartmouth-Waddington) would result in a lower cost alternative than Option 3 (DOMAC) (id. at 18-19). Specifically, Exhibit MAG-5 **CONFIDENTIAL** shows that Option 2 would cost approximately $1.5 million less than Option 3 on a present value basis and that Option 1 would cost approximately $1 million less than Option 3 (id. at 19).[7] Therefore, regardless of the commodity resource ultimately selected by the Company, the Dartmouth Power capacity is the least-cost resource alternative.[8] Thus, Option 1 and 2 demonstrate simply that, whether the Company decided to obtain supply by buying it at the Mendon citygate or transporting it to the Mendon citygate, it is still less expensive to procure the Dartmouth capacity than to enter into an arrangement with DOMAC (id.).

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6 Without the Dartmouth Power capacity, the only alternative for resolving NSTAR's Algonquin G-Lateral need would be an incremental expansion all the way from Mendon to the three delivery meters, New Bedford, Plymouth and Pine Hills (Exh. NSTAR-1, at 18).

7 Pursuant to a request by the Department, the Company also compared the costs of Option 1, Option 2 and Option 3 assuming a purchase MDQ for Year 1 to 14,010 MMBtu/day (Exh. DTE-NSTAR-2-9 **CONFIDENTIAL**). The analysis demonstrates that, even under this assumption, the cost of the Permanent Release Agreement compares favorably with the DOMAC alternative (id.).

8 As noted previously, because DOMAC stated that it would not vary the capacity quantity by year, the Company analyzed the DOMAC offer at a fixed 14,010 MMBtu/day over the five-year analysis (Exh. NSTAR-1, at 19). However, if this amount was reduced in the first year to 11,700 MMBtu/day to match the Dartmouth-Mendon and Dartmouth-Waddington volumes, the Dartmouth-Waddington option would still be lowest cost by $0.6 million and the Dartmouth-Mendon option would be breakeven (id.). Given the non-price benefits of the Dartmouth Power capacity discussed herein, the Agreement represents the most favorable alternative available to the Company.

2. The Agreement Compares Favorably to Available Alternative Resources Based on Non-Cost Factors.

In addition to cost factors, the Company evaluated the Dartmouth Power capacity based on such non-cost factors as: (1) reliability; (2) flexibility; and (3) diversity, to determine whether the Agreement met the Department's public interest standard. Each of these non-cost factors weighed in favor of the Company's decision to enter into the Agreement.

First, the record shows that the Permanent Release Agreement is uniquely suited to address the Company's design-season shortfall because NSTAR Gas has a particular need for resources in relation to its service to the New Bedford Division, which is served by the Algonquin G-Lateral system and is one of the most constrained parts of the Algonquin system. As explained in Mr. Gowen's testimony, the Company has met growing customer requirements by relying on the ability to obtain Algonquin deliveries at certain points on the NSTAR Gas system that may exceed specific contract entitlements at those points (Exh. NSTAR-1, at 8). Because, in those instances, NSTAR Gas has not exceeded its overall contract entitlements on the Algonquin system, Algonquin has traditionally afforded the Company the flexibility of taking deliveries that exceed contract entitlements at specific points (id.). However, as the G-Lateral system becomes more constrained, NSTAR Gas cannot maintain the requisite level of reliability for customers through dependence on the availability of non-contractual Algonquin capacity at these points. Therefore, NSTAR Gas believes that it is necessary to contract for firm capacity on the Algonquin system with firm delivery points serving the New Bedford, Plymouth and Pine Hills stations (id.). The procurement of 14,010 MMBtu/day of firm transportation capacity in the New Bedford Division is an essential first step in addressing NSTAR's identified need for additional design season and design day resources (id.).

Second, the Permanent Release Agreement will increase the reliability of supply because NSTAR Gas will obtain direct control over its near-term requirements for incremental winter season purchases (Exh. NSTAR-1, at 19). Without the Dartmouth Power capacity, DOMAC is the only party than can provide sufficiently reliable design-day deliveries to the NSTAR Gas take stations on the Algonquin G-Lateral system (id. at 19-20). With NSTAR Gas's acquisition of the Dartmouth Power capacity, any marketer holding primary firm delivery points with access to the Mendon receipt point can effectively bid to supply NSTAR's winter season requirements (id. at 19-20).

Moreover, if NSTAR Gas were to purchase the DOMAC citygate service for the proposed five-year term, it would not likely have any alternative to purchasing from DOMAC at the end of the contract term because the alternatives to the citygate service are, at this point, limited to the Dartmouth Power capacity and Algonquin's open season for the G-Lateral (Exh. NSTAR-1, at 20). There is no assurance that other alternatives will exist at the end of the five-year contract term (id.). Thus, NSTAR Gas would become even more dependent upon a single vendor's services.

The Permanent Release Agreement will also increase the flexibility of the Company to procure supply and allow the Company to increase the diversity of supply in its portfolio. Over the long term, the Dartmouth Power capacity will make it possible for NSTAR Gas to access more alternative supplies, such as supplies upstream on the Tennessee system, including Wright, NY and Waddington, NY or supplies from potential LNG terminal facilities that propose to serve the Northeastern U.S. market (Exh.

NSTAR-1, at 20). This will enhance competition in the Massachusetts market in general and enhance supply options for NSTAR Gas customers in particular.

IV. CONCLUSION

As discussed above, the addition of the Dartmouth Power capacity through the Permanent Release Agreement is consistent with the Company's established portfolio objectives. The Permanent Release Agreement compares favorably to the range of alternatives reasonably available to the Company and its customers based on both price and non-price factors. Accordingly, the Agreement represents a cost-effective means for the Company to meet its ongoing service obligations to customers and should be approved by the Department as in the public interest. Because of the benefit that this contract would provide to the NSTAR Gas system in terms of system reliability, the Company respectfully requests that the Department issue its decision on or before September 15, 2005, as requested in the initial filing.

WHEREFORE, the Company respectfully requests that the Department:

VOTE: That the Permanent Release Agreement: (1) is consistent with the portfolio objectives established in the Load Forecast and Resource Plan, pending before the Department in NSTAR Gas Company, D.T.E. 05-46; and (2) compares favorably to the range of alternatives reasonably available to the Company and its customers; and

ORDER: That the Agreement is in the public interest and is approved; and

FURTHER ORDER: Such other approvals as may be necessary or appropriate.

Respectfully submitted,

NSTAR GAS COMPANY

By its attorneys,

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Dated: August 18, 2005

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Anadarko
Energy Services Company

February 13, 2005

Mr. Max Gowen
NSTAR Electric & Gas Company
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CONFIDENTIAL

Re: Natural Gas Supply Proposal

Dear Max:

Attached is a table that provides Anadarko Energy Service Company's ("AES") proposal in response to your letter dated January 19, 2005. Please note the following definitions for several of the services offered.

Take/Release – Buyer shall have the right to release any portion of the Maximum Quantity by notifying AES by noon Central Time on the first day of the three day NYMEX close of its election for the prompt month gas flow. Reservation charges apply to the Maximum Quantity.

NYMEX Pricing – Buyer may elect to trigger a fixed price for any volume, or a portion thereof, during the term by providing notice by noon Central Time on the expiration day of the applicable contract for the forward month to be priced. The fixed price shall be the sum of the NYMEX price plus basis. In the event Buyer does not trigger, the price shall default to Last Day NYMEX Settlement price plus basis for the appropriate forward month.

Swing Service – Notice of daily volume election/nomination changes to AES by 8:30 a.m. Central Prevailing Time business day prior to flow. Friday, Saturday and Sunday gas flow volumes will be ratable. AES will make reasonable effort to make any weekend, holiday, intraday or after deadline changes. If no notice received by AES, then default volume will equal zero. Service with the designation "keep whole", the parties agree to keep the other party whole relative to Index. Reservation charges apply to the Maximum Quantity.

Anadarko has not yet supplied NSTAR Gas Company with supply in the past; however, we are confident that our assets in Texas and Louisiana and Nova Scotia, Canada will make us an outstanding candidate for a portion of your portfolio needs starting in April 2005 through and beyond 2010.

Our proposal is meant to be a general representation of our ability to serve your load profile on various production area pipes/locations as well as LNG (beginning in as early 4Q07) from our Bear Head regasification facility located in Point Tupper, Nova Scotia, Canada. If we did not show you a particular pricing option, we would be happy to work up something more specific for you. Any comments or counter proposals would be greatly appreciated.

Our most recent Annual Report /Form 10K was sent via UPS overnight delivery February 10, 2005 to attention of Max Gowen. You may also review Anadarko's financials online at http://www.anadarko.com

Anadarko Energy Services is a wholly owned subsidiary of Anadarko Petroleum Corporation (APC). We currently manage approximately 3.0 BCF per day in North America, 175 MBPD of crude oil worldwide and 50 MBPD of natural gas liquids. We have an excellent staff of both physical and financial marketing people with many years of industry experience, which has earned us a solid reputation for reliability and service.

You may call Wanda Carter Marcell at 832-636-7155 if you have any questions. The mailing address for correspondence is listed on our letterhead. The physical address for Anadarko Energy Services is 1200 Timberloch Place, The Woodlands, TX 77380. Our fax number is 832-636-7147.

Basis quotes are subject to changing market conditions. This proposal is subject to final approval of AES senior management and execution of the pertinent gas sales agreement. We propose that we utilize the N.A.E.S.B. agreement (base contract and special provisions attached).

Respectfully yours,

Wanda Carter Marcell
Manager Market Development

Attachments: (1) Pricing Schedule (2) New Production on Tennessee (Chatham) (3) NAESB agreement

ANADARKO ENERGY SERVICES COMPANY
Natural Gas Proposals for NSTAR Gas Company
November 01, 2007 - October 31, 2010 **

CONFIDENTIAL

Service Type	Option	Pipeline	Access Area	Minimum Quantity Dth/day	Maximum Quantity Dth/day	Reservation Charge ($/Dth)	Price ($/Dth)
Baseload	1	TETCO	STX	20,000	20,000	NA	
Baseload	2	TETCO	ETX	12,000	12,000	NA	
Baseload	3	TETCO	WLA	10,000	10,000	NA	REDACTED
Baseload	4	TETCO	ELA	25,000	25,000	NA	
Baseload	5	TGP	100 Line/Zone 0	14,000	14,000	NA	
Baseload	6	TGP	500 Line/Zone L	10,000	10,000	NA	REDACTED
Baseload	7	TGP	800 Line/Zone L	10,000	10,000	NA	
Baseload	8	TGP	Zone 1 - 100 leg *	20,000	20,000	NA	

*See attached for details on this point

** Anadarko requests that NSTAR consider sourcing a portion or 100% of their supply needs from Beverly and/or Dracut. Pricing would be a market sensitive index plus any transportation from Beverly and/or Dracut to NSTAR delivery meter.

ANADARKO ENERGY SERVICES COMPANY
Natural Gas Proposals for NSTAR Gas Company
Two (2) Years: November 01, 2005 - October 31, 2007

CONFIDENTIAL

Service Type	Option	Pipeline	Access Area	Minimum Quantity Dth/day	Maximum Quantity Dth/day	Reservation Charge ($/Dth)	Price ($/Dth)
Take or Release	1	TETCO	STX	0	20,000		
Baseload	2	TETCO	STX	20,000	20,000		
Baseload	3	TETCO	STX	20,000	20,000		
Take or Release	7	TETCO	ETX	0	12,000		
Baseload	8	TETCO	ETX	12,000	12,000		
Baseload	9	TETCO	ETX	12,000	12,000		
Take or Release	10	TETCO	WLA	0	10,000		
Baseload	11	TETCO	WLA	10,000	10,000		
Baseload	12	TETCO	WLA	10,000	10,000		
Take or Release	13	TETCO	ELA	0	25,000		
Baseload	14	TETCO	ELA	25,000	25,000		
Baseload	15	TETCO	ELA	0	25,000		
Daily Swing	16	TETCO	ELA	0	25,000		

REDACTED

REDACTED

Service Type	Option	Pipeline	Access Area	Minimum Quantity Dth/day	Maximum Quantity Dth/day	Reservation Charge ($/Dth)	Price ($/Dth)
Take or Release	17	TGP	100 Line/Zone 0	0	14,000		
Baseload	18	TGP	100 Line/Zone 0	14,000	14,000		
Baseload	19	TGP	100 Line/Zone 0	14,000	14,000		
Daily Swing	20	TGP	100 Line/Zone 0	0	14,000		
Daily Swing	21	TGP	100 Line/Zone 0	0	14,000		
Take or Release	26	TGP	500 Line/Zone L	0	10,000		
Baseload	27	TGP	500 Line/Zone L	10,000	10,000		
Baseload	28	TGP	500 Line/Zone L	10,000	10,000		
Take or Release	26	TGP	800 Line/Zone L	0	10,000		
Baseload	27	TGP	800 Line/Zone L	10,000	10,000		
Baseload	28	TGP	800 Line/Zone L	10,000	10,000		
Take or Release	29	TGP	Zone 1 - 100 leg *	0	20,000		
Baseload	30	TGP	Zone 1 - 100 leg *	20,000	20,000		
Baseload	31	TGP	Zone 1 - 100 leg *	20,000	20,000		
Daily Swing	32	TGP	Zone 1 - 100 leg *	0	20,000		
Daily Swing	33	TGP	Zone 1 - 100 leg *	0	20,000		

REDACTED

REDACTED

*See attached for details on this point

ANADARKO ENERGY SERVICES COMPANY
Natural Gas Proposals for NSTAR Gas Company
One (1) Year November 01, 2005 - October 31, 2006

CONFIDENTIAL

Service Type	Option	Pipeline	Access Area	Minimum Quantity Dth/day	Maximum Quantity Dth/day	Reservation Charge ($/Dth)	Price ($/Dth)
Take or Release	1	TETCO	STX	0	20,000		
Baseload	2	TETCO	STX	20,000	20,000		
Baseload	3	TETCO	STX	20,000	20,000		
Take or Release	7	TETCO	ETX	0	12,000		
Baseload	8	TETCO	ETX	12,000	12,000		
Baseload	9	TETCO	ETX	12,000	12,000		
Take or Release	10	TETCO	WLA	0	10,000		
Baseload	11	TETCO	WLA	10,000	10,000	REDACTED	
Baseload	12	TETCO	WLA	10,000	10,000		
Take or Release	13	TETCO	ELA	0	25,000		
Baseload	14	TETCO	ELA	25,000	25,000		
Baseload	15	TETCO	ELA	0	25,000		
Daily Swing	16	TETCO	ELA	0	25,000		
Take or Release	17	TGP	100 Line/Zone 0	0	14,000		
Baseload	18	TGP	100 Line/Zone 0	14,000	14,000		
Baseload	19	TGP	100 Line/Zone 0	14,000	14,000		
Daily Swing	20	TGP	100 Line/Zone 0	0	14,000		
Daily Swing	21	TGP	100 Line/Zone 0	0	14,000		
Take or Release	26	TGP	500 Line/Zone L	0	10,000		
Baseload	27	TGP	500 Line/Zone L	10,000	10,000		
Baseload	28	TGP	500 Line/Zone L	10,000	10,000		REDACTED
Take or Release	26	TGP	800 Line/Zone L	0	10,000		
Baseload	27	TGP	800 Line/Zone L	10,000	10,000		
Baseload	28	TGP	800 Line/Zone L	10,000	10,000		
Take or Release	29	TGP	Zone 1 - 100 leg *	0	20,000		
Baseload	30	TGP	Zone 1 - 100 leg *	20,000	20,000		
Baseload	31	TGP	Zone 1 - 100 leg *	20,000	20,000		
Daily Swing	32	TGP	Zone 1 - 100 leg *	0	20,000		
Daily Swing	33	TGP	Zone 1 - 100 leg *	0	20,000		

*See attached for details on this point

ANADARKO ENERGY SERVICES COMPANY
Natural Gas Proposals for NSTAR Gas Company
Winter: November 01, 2005 - March 31, 2006

CONFIDENTIAL

Service Type	Option	Pipeline	Access Area	Minimum Quantity Dth/day	Maximum Quantity Dth/day	Reservation Charge ($/Dth)	Price ($/Dth)
Take or Release	1	TETCO	STX	0	20,000		
Baseload	2	TETCO	STX	20,000	20,000		
Baseload	3	TETCO	STX	20,000	20,000		
Take or Release	7	TETCO	ETX	0	12,000		
Baseload	8	TETCO	ETX	12,000	12,000		
Baseload	9	TETCO	ETX	12,000	12,000		
Take or Release	10	TETCO	WLA	0	10,000		
Baseload	11	TETCO	WLA	10,000	10,000		
Baseload	12	TETCO	WLA	10,000	10,000		
Take or Release	13	TETCO	ELA	0	25,000		
Baseload	14	TETCO	ELA	25,000	25,000		
Baseload	15	TETCO	ELA	0	25,000		
Daily Swing	16	TETCO	ELA	0	25,000		
Take or Release	17	TGP	100 Line/Zone 0	0	14,000		
Baseload	18	TGP	100 Line/Zone 0	14,000	14,000		
Baseload	19	TGP	100 Line/Zone 0	14,000	14,000		
Daily Swing	20	TGP	100 Line/Zone 0	0	14,000		
Daily Swing	21	TGP	100 Line/Zone 0	0	14,000		
Take or Release	26	TGP	500 Line/Zone L	0	10,000		
Baseload	27	TGP	500 Line/Zone L	10,000	10,000		
Baseload	28	TGP	500 Line/Zone L	10,000	10,000		
Take or Release	26	TGP	800 Line/Zone L	0	10,000		
Baseload	27	TGP	800 Line/Zone L	10,000	10,000		
Baseload	28	TGP	800 Line/Zone L	10,000	10,000		
Take or Release	29	TGP	Zone 1 - 100 leg *	0	20,000		
Baseload	30	TGP	Zone 1 - 100 leg *	20,000	20,000		
Baseload	31	TGP	Zone 1 - 100 leg *	20,000	20,000		
Daily Swing	32	TGP	Zone 1 - 100 leg *	0	20,000		
Daily Swing	33	TGP	Zone 1 - 100 leg *	0	20,000		

REDACTED

REDACTED

*See attached for details on this point

Exh. DTE-NSTAR-2-6 (b)

CONFIDENTIAL

OUTLINE OF PRICING AND OTHER TERMS FOR FIRM COMBINATION SERVICE

NSTAR ELECTRIC & GAS CORPORATION

DATE:	02/14/2005
SELLER:	Distrigas of Massachusetts LLC ("Seller")
BUYER:	NSTAR Electric & Gas Corporation ("Buyer")
LEVEL OF SERVICE:	Firm Combination Service
COMMENCEMENT DATE:	11/01/2005
TERMINATION DATE:	03/31/2010
QUANTITY:	MDQ: 7,000 MMBtu
	ACQ: 1,057,000 MMBtu
	Buyer acknowledges that Buyer cannot take more than 300,000 MMBtu in liquid form during any contract year.
DELIVERY:	Vapor: The interconnection between the Buyers facilities at Plymouth and Algonquin Gas Transmission on a secondary basis. To the extent Buyer wishes to purchase gas delivered on a primary basis and Seller has the available capacity to accommodate said request, (the availability of the capacity is currently under review), the parties can negotiate the additional cost associated with the primary point.
	Liquid: The Tailgate of the Sellers Everett Marine LNG Terminal
PRICE:	Call Payment: REDACTED
	Commodity Rate: REDACTED
OTHER:	This outline is strictly confidential
	Other contract provisions including metering, measurement, billing and payment, force majeure and related provisions will be pursuant to Seller's FERC Gas Tariff.
	This proposal, and any agreement resulting therefrom, is subject to final Tractebel LNG Board approval or equivalent.
	This proposal is also subject to Buyer's satisfying Seller's creditworthiness requirements,

to be determined in Seller's sole discretion prior to the execution of a binding Contract. Buyer shall be required to maintain such credit worthiness throughout the term of the Contract.

Buyer and Seller recognize and acknowledge that this Proposal is not legally binding on either party and is intended for negotiation purposes only. Neither party has any obligation to enter into a binding legal agreement or to pursue this proposal. Any agreement would be subject to the parties' execution of amutually agreeable Contract.

This proposal is valid for acceptance by Buyer until 5 p.m. (EST) on February 21, 2005, unless revoked by Seller prior to that date and time.

Exh. DTE-NSTAR-2-6 (c)

Gowen, Max

From: Schiavi, Julia [JSchiavi@hess.com]
Sent: Monday, February 14, 2005 4:12 PM
To: Gowen, Max
Subject: Amerada Hess' Response to NSTAR's AGT Winter 05 RRP

Hi Max,

One point I failed to make clear in my proposal - you requested, "To the extent that the contract has been used to deliver gas to alternative delivery points downstream of Algonquin's Burrillville Compressor station, bidders are expected to describe the operation of the contract on those days when Algonquin curtailed secondary deliveries downstream of Burrillville.".

In the past, we have either utilized our TGP capacity to deliver TGP Zone 6 at Mendon into AGT or Maritimes supply delivered into Hubline at Beverly and backhauled to our alternate delivery points. This operation has worked successfully for us and we would propose to operate the same should a problem arise downstream of Burrillville. Of course, our action will be dictated by pipeline system operations - this particular "fix" may not be the answer to a future restriction. We believe we have enough flexibility within our firm capacity portfolio to work through possible future restrictions.

Thank you for allowing me to provide this additional information. Julia

-----Original Message-----
From: Schiavi, Julia
Sent: February 14, 2005 3:31 PM
To: 'Gowen, Max'
Subject: Amerada Hess' Response to NSTAR's AGT Winter 05 RRP

Hello Max,

Thank you for including Amerada Hess in your recent RFP process. I have attached my cover letter, proposal, and list of Northeast LDC's we currently provide long term supply requirements. The original documents (official response) have been sent to your attention via overnight delivery, to arrive tomorrow, February 15th. You should have received our financial statements today.

I look forward to discussing our proposal with you. Julia
Amerada Hess Corporation
860.571.8545

<< File: ComGas 05 AGT RFP Letter.doc >> << File: ComGas 05 AGTResponse.doc >> << File: ComGas Northeast LDC List 2005.doc >>

AMERADA HESS CORPORATION

JULIA A. SCHIAVI
Wholesale Natural Gas Marketing

50 Burbank Road
Wethersfield, CT 06109
860.571.8545

February 14, 2005

VIA EMAIL and Overnight Mail

Max Gowen
NSTAR Gas Company
One NSTAR Way, NE 220
Westwood, MA 02090-9230

Dear Max:

Thank you for including Amerada Hess Corporation ("Hess") in your recent Request for Proposals. It has been our privilege and pleasure to serve you in the past and we are honored to have the opportunity to supply your future requirements for a reliable source of natural gas.

Hess is committed to providing dependable, reliable firm supply to its customers and has been doing so since 1993. We have built our reputation in the industry by providing our customers with quality service, reliable products and brand name trust. We are responsive to their needs and concerns, and that has created an allegiance and loyalty to Hess that is unsurpassed in this business.

Should NSTAR decide to contract with Hess for winter Algonquin supplies, it will be directly with the parent corporation, no parent guarantee would be required. Hess is willing to discuss the need for warranties or letter of credit in support of a contractual commitment.

Hess maintains over 50,000 Dth/day of FT capacity on Algonquin and over 210,000 Dth/day of FT capacity on Tennessee and Iroquois pipelines combined. Hess also has approximately 3.5 BCF of storage capacity with DTI and TETCO combined. These assets will be utilized to make firm deliveries to the NSTAR system.

I have attached our pricing proposal for NSTAR's various divisions as well as a list of LDC's located in the Northeast that we currently provide long term supply requirements. Amerada Hess Corporation's 2003 Annual Report and Form 10-K as well as the current 10-Q were sent to you under separate letter dated February 11th.

We are very interested in furthering our relationship and are confident we can offer products and services, as well as flexibility, which will benefit your company. Should you have any questions regarding this proposal or concerning Hess, please call me at (860) 571-8545. I look forward to discussing this proposal with you at your convenience.

Sincerely,

Julia A. Schiavi
Wholesale Natural Gas Marketing

AMERADA HESS CORPORATION
PROPOSAL TO SUPPLY WINTER AGT CITY GATE REQUIREMENTS
FOR NSTAR GAS COMPANY
February 14, 2005
CONFIDENTIAL

NEW BEDFORD DIVISION:

Term: Winter Season Only (November – March)
November 1, 2005 – March 31, 2006 AND
November 1, 2006 – March 31, 2007

Maximum Daily Quantity:

November 2005 – March 2006:	5,000 Dth/day
November 2006 – March 2007:	6,000 Dth/day

Delivery Point: Plymouth Station, Meter #19

Hess would utilize its AGT Contract #510268 with primary firm delivery to Dey Street, Meter #4 (located on the G-lateral) and receipt point of Lambertville. Capacity to Dey Street is 35,000+ Dth/day.

Delivery to Plymouth would be secondary. Dey Street is downstream of Burrillville, therefore, delivery to Plymouth utilizing this contract is very reliable.

Pricing and Supply Flexibility Options:

Option 1: Firm, Baseload Supply

NSTAR purchases 151 days of firm supply delivered to their AGT city gate. This service is priced at

REDACTED

Option 2: Firm Supply Delivered to NSTAR's AGT City Gates with Recall Rights

NSTAR purchases 151 days of firm supply delivered to their AGT city gate and gives Hess the right to recall that supply up to ten (10) days or twenty (20) days during each winter. Recall request to be made by 9:30 AM E.C.T. day prior to gas flow, except for holiday and weekend periods when request shall be made on the business day prior to the holiday or weekend period. This service is priced at

REDACTED

If NSTAR prefers, each of the above pricing structures could be changed to reflect a Reservation Fee and Basis.

FRAMINGHAM DIVISION:

Term: Winter Season Only (November – March)
November 1, 2006 – March 31, 2007

Maximum Daily Quantity:
4,000 Dth/day

Delivery Point: Needham Station, Meter #38

Hess would utilize *either* its AGT Contract #510268 as described above, *or* its AGT Contract #510215 with primary firm delivery to Cambridge (#26), Ashland (#43), Brockton (#24), and Ponkapoag (#52) and receipt point of Beverly. Contract capacity is 10,000 Dth/day.

Delivery to Needham would be secondary. The Hubline activity is downstream of Burrillville, therefore, delivery to Needham utilizing this contract is very reliable.

Pricing and Supply Flexibility Options:

Option 1: Firm, Baseload Supply

NSTAR purchases 151 days of firm supply delivered to their AGT city gate. This service is priced at

REDACTED

Option 2: Firm Supply Delivered to NSTAR's AGT City Gates with Recall Rights

NSTAR purchases 151 days of firm supply delivered to their AGT city gate and gives Hess the right to recall that supply up to ten (10) days or twenty (20) days during the term. Recall request to be made by 9:30 AM E.C.T. day prior to gas flow, except for holiday and weekend periods when request shall be made on the business day prior to the holiday or weekend period. This service is priced at

REDACTED

If NSTAR prefers, each of the above pricing structures could be changed to reflect a Reservation Fee and Basis.

CAMBRIDGE DIVISION:

Currently, Hess does not have the appropriate firm assets to serve NSTAR's Cambridge Division requirements. We are in the process of restructuring our AGT firm capacity portfolio and may have the necessary primary firm capacity commencing in 2007. However, these decisions will not be final until April or May of this year, at which time we would be very interested in discussing NSTAR's three (3) year and longer requirements for not only the Cambridge Division, but also the New Bedford and Framingham Divisions. The new capacity will also allow us to structure additional supply flexibility, such as fewer days of service, city gate deliveries that mimic a storage service, minimum and maximum seasonal MDQs, etc.

Please note that this proposal is based on current market conditions and is subject to change.

AMERADA HESS CORPORATION
List of Northeast LDC's
Long Term Contracts

Baltimore Gas & Electric
Brooklyn Union Gas Company
Connecticut Natural Gas Company
Consolidated Edison Company of New York
Dominion LDC Gas Supply Group (East Ohio, Peoples, Hope)
Equitable Gas Company
Fitchburg Gas and Electric
LILCO (Keyspan East)
National Fuel
New England Gas Company, RI and MA
New Jersey Natural Gas Company
New York State Electric and Gas Corporation
PECO Energy Company
Pennsylvania Power and Light
Philadelphia Gas Works
Public Service Electric and Gas
Rochester Gas and Electric
South Jersey Gas Company
Southern Connecticut Gas Company
UGI Utilities
Yankee Gas Services

Exh. DTE-NSTAR-
2-6 (d)

NJR
Energy Services
A New Jersey Resources Company

DRAFT TERM SHEET

Seller: NJR Energy Services (NJRES)

Buyer: NSTAR Gas Company

Term: November 1, 2005 through March 31, 2005

Product: Firm baseload gas delivered at Algonquin meter # 38

Pricing: REDACTED

Volume: Up to 10,000 MMBTus/day.

Financial Reports: To access NJR's most recent financial report please use the attached link: http://www.shareholder.com/visitors/dynamicdoc/document.cfm?documentid=726&companyid=NJR

Supply Sources: NJRES will purchase firm supply at the primary receipt point of the firm Algonquin Contract (Beverly), which has a primary delivery point of Algonquin Meter #38.

Exh. DTE-NSTAR-
2-6 (e)

Select Energy
The Northeast Utilities System

February 14, 2005

Max Gowen
NSTAR Gas Company
One NSTAR Way, NE 220
Westwood, MA 02090-9230

Subject: **Response to NSTAR Gas Company's RFP for Winter AGT Gas Supply**

Dear Mr. Gowen,

Select Energy, Inc. ("Select") is pleased to provide the following indication of interest in response to NSTAR Gas Company's RFP for winter Algonquin Gas Company ("AGT") gas supply.

1. Buyer and Seller

Buyer: NSTAR Gas Company ("NSTAR")
Seller: Select Energy, Inc. ("Select")

2. Term

Services hereunder shall commence on November 1, 2005 and shall continue through March 31, 2006.

3. Quantity

The Maximum Daily Quantity ("MDQ") shall be 5,000 MMBtu per day.
The minimum seasonal quantity shall be 655,000 MMBtu.
The maximum seasonal quantity shall be 755,000 MMBtu.

4. Delivery Points

Select has AGT capacity sufficient to cover the MDQ with primary delivery points to Keyspan Energy (Boston Gas), New England Gas Co. (Providence Gas) and NiSource (Baystate Gas). All of these delivery points are downstream of AGT's Burrillville Compressor Station; all receipt points on this capacity is at the Texas Eastern Transmission Company ("TETCO") and AGT interconnect in Lambertville, NJ. Specific delivery meters can be committed to upon request.

Gas deliveries to the above AGT and Local Distribution Companies' (Boston Gas, Providence Gas, Baystate Gas) interconnects would be on a primary firm basis.

Deliveries that are scheduled to NSTAR citygates would be on a secondary firm priority basis, with NSTAR assuming the risk that AGT restricts such secondary firm deliveries.

Instead of diverting the supply from the primary delivery points to the secondary NSTAR citygates, another strategy is to use two or more transportation paths. The gas supply is delivered by Select to the primary firm delivery points. NSTAR could then transport such supply to the appropriate NSTAR citygate(s) with NSTAR assuming all incremental transportation costs and risks, including fuel and shrinkage, as well as any costs and risks associated with meter bounces between AGT and the Local Distribution Company(ies).

Supply into the above AGT capacity shall either be (a) transported on TETCO under Select-owned firm capacity to the AGT receipt point of Lambertville or (b) Select shall purchase firm physical supply from a third party at Lambertville.

5. Flexibility

- Select shall deliver and NSTAR shall receive the MDQ each day of the term unless Select exercises its supply recall rights described below.
- On any 20 days and with notification by 10:30 am EPT the prior business day, Select shall have the right to withhold deliveries to NSTAR (i.e. reduce deliveries to NSTAR to 0 MMBtu on such day).

6. Price and Payments

Delivered Quantities

REDACTED

)

REDACTED

Option Premium

REDACTED

7. Financial Reports

Select Energy's parent company is Northeast Utilities ("NU"). Financial statements for NU can be found at www.NU.com. Annual reports and other audited financial statements can be provided upon request.

8. Process:

This letter serves only to set out certain key terms and conditions that Select, based upon current market conditions, believes suitable for inclusion in any negotiations with regard to the potential transaction(s) described above. As indicated in Section L of the NSTAR RFP document, nothing is binding at this stage of the process. No obligation shall arise or exist until authorized representatives of the parties negotiate and execute a definitive agreement. The parties acknowledge that any further discussions are subject to the receipt of any required management and governmental approvals. This letter is to be held confidential.

Thank You,

James J Corrigan

James Corrigan
Select Energy, Inc.

Sempra Energy
Trading

February 11, 2005

Mr. Max Gowen
NSTAR Gas Company
One NSTAR Way, NE 220
Westwood, MA 02090-9230

Subject: Proposal for Algonquin Gated Winter Supply

Dear Max:

Sempra Energy Trading Corp. is interested in providing either (i) a winter baseload gated Algonquin supply or (ii) a daily call option over the December through February months for gated Algonquin supply. I have attached a detailed term sheet for your review on both structures. Sempra is willing to offer these transactions for the next two winters. We are aware that your RFP was for a longer time frame and if these structures and pricing meet your objectives, then we would be willing to discuss adding a third winter.

Reliability of Supply

Sempra realizes that NSTAR is primarily concerned about supply reliability and the manner in which the supplier will flow gas to the NSTAR delivery point. Sempra will be supplying NSTAR with Maritimes gas that will flow on AGT on capacity whose firm path is a Beverly receipt and meter 803 delivery (Fore River power plant). This path is a backhaul on AGT and has proved to be immune from typical AGT constraints at Stony Point, Cromwell and Burrillville compressor stations during the winter season. Sempra has used this path to provide incremental supply to our full requirements customer The Town of Middleboro, MA who is also located on the "G" lateral. We have not encountered any cuts for gas that was nominated on a timely basis. We are very comfortable with the security and reliability of our deliveries based on having Maritimes supply and using the backhaul path to a G lateral location. Needham (meter 38) would be served in the same manner and given its location on the mainline is a less constrained location and our path and strategy will work equally well.

Sempra has not purchased MNE supply into Beverly in advance of this potential sale to NSTAR but will do so once a baseload transaction has been confirmed. While Beverly and Maritimes gas is not a very liquid trading location we have many counterparties who we currently trade with who are willing sellers for the winter. Sempra is fully confident in finding 5-10,000/d of physical supply at Beverly for the next two winters that will be a firm sale. Maritimes and the Sable producers have had production problems in the past as well as gas plant disruptions but any cuts should be pro-rata and minor in nature.

Given Sempra's large capacity position and web of transactions and trading counterparties we are highly confident in our ability to cover any Sable producer cuts or curtailments during the winter season through alternative supply options or other transactional flexibility in our transportation and supply portfolio.

Sempra's Maritimes Experience

Sempra has been an active trader and capacity holder on Martimes since the inception of Sable production in December 1999. From inception until October 2004 Sempra remarketed up to 130,000 mmbtus per day of Shell Canada's physical production and capacity. During that time we developed a strong knowledge of the market players and opportunities on the MNE pipeline. We continue to actively trade on MNE and have many customers and suppliers on MNE. As physical production has fallen Shell no longer has physical production in excess of its firm contracted supply and our deal has ended. However, we remain an active counterparty at Beverly as the Asset Manager and sole fuel supplier for the Fore River power plant (800mw capacity) located at Weymouth, MA. We also have 140,000 of AGT "Hubline" capacity to manage on behalf of the Fore River plant, which has a Beverly receipt point.

Sempra's Algonquin Experience

Sempra is an active market maker, physical supplier and shipper on AGT. We currently have the following assets and transactions in place:

- Asset Manager of 140,000 mmbtus per day of Hubline capacity and fuel supplier to 800mw Fore River plant
- Shipper of 40,000 mmbtus per day of AGT mainline capacity and toll on Lake Road 800mw plant located in Connecticut
- Full requirements gas supplier and asset manager for The Town of Middleboro, MA since 2001.
- Sempra manages three Operational Balancing Agreements on AGT in connection with the transactions listed above.
- Numerous other one off buys and sells at both into AGT and AGT gated transactions. We would be happy to provide more information on our Northeast gas business if NSTAR is interested.

Credit Issues:

Sempra's obligations would be guaranteed by our parent Sempra Energy currently rated BBB+/Baa1.

I look forward to working with you on this opportunity. I will be out of the office on vacation the week of February 14th through 18th. Please contact my colleague Tommy Jacomini at 203-355-5087 if you have any questions before I return.

Best regards,

Scott J. La Shelle

Scott J. La Shelle
Director

Sempra Energy Trading Corp.
AGT Supply Term Sheet
February 11, 2005

Indicative Term Sheet
For Algonquin Gas Supply

PROPOSAL A FIRM BASELOAD SUPPLY

Buyer:	NSTAR Gas Company
Seller:	Sempra Energy Trading Corp. (Sempra).
Term:	1) November 1, 2005 - March 31, 2006 2) November 1, 2006 – March 31, 2007
Service:	Firm baseload supply
Volume:	1) 5,000 mmbtus per day 2) 10,000 mmbtus per day
Delivery Point:	1) AGT meter 19, Plymouth 2) AGT meter 19 (6,000/d) and AGT meter 38 (4,000/d)
Capacity:	NSTAR will have no financial responsibility for AGT transport costs but Sempra will be using AFT-1H capacity to serve this load. The capacity has a Beverly receipt and a delivery point AGT meter 803.
Reliability:	Please see the cover letter for a discussion on this point.
Pricing:	REDACTED
Payment Date:	25th of the month following gas delivery
Credit Terms:	The credit requirements would include but not be limited to the following: adequate assurance and delivery credit line language customary in bilateral transactions. Sempra will also provide a guarantee of its ultimate parent Sempra Energy (rated BBB+/Baa1) in an amount to be negotiated between the parties.

These terms are for discussion purposes only and are not intended to be a legally binding commitment, which will only result from the execution and delivery of definitive documentation acceptable to each party in its discretion. The information contained herein is believed to be reliable. However, Sempra makes no representation as to the accuracy or completeness of any information contained herein or otherwise provided by Sempra. Sempra is not acting as NSTAR's advisor and the ultimate decision to proceed with any transaction rests solely with NSTAR.. Therefore, before entering into any proposed transaction, NSTAR should determine the economic risks and merits, as well as the legal, tax and accounting characterizations and consequences of the transaction and that it is able to assume those risks.

Indicative Term Sheet
For Algonquin Gas Supply

PROPOSAL B FIRM SUPPLY DAILY ELECTION

Buyer:	NSTAR Gas Company
Seller:	Sempra Energy Trading Corp. (Sempra).
Term:	1) December 1, 2005 – February 28, 2006 2) December 1, 2006 – February 28, 2007
Service:	Firm supply
Call Option:	Buyer shall have the right, but not the obligation to nominate up to the daily volume.
Volume:	1) 5,000 mmbtus per day, maximum of 450,000 mmbtus 2) 10,000 mmbtus per day, maximum of 900,000 mmbtus
Delivery Point:	1) AGT meter 19, Plymouth 2) AGT meter 19 (6,000/d) and AGT meter 38 (4,000/d)
Capacity:	NSTAR will have no financial responsibility for AGT transport costs but Sempra will be using AFT-1H capacity to serve this load. The capacity has a Beverly receipt and a delivery point AGT meter 803.
Reliability:	Please see the cover letter for a discussion on this point.
Pricing:	REDACTED
Demand:	$ REDACTED
Nominations:	Nominations must be made by 9am EST on a NYMEX business day prior to the gas flow date. Nominations must be for equal and rateable quantities over weekends, holidays and the following NYMEX business day.
Payment Date:	25th of the month following gas delivery for demand payment and physical gas
Credit Terms:	The credit requirements would include but not be limited to the following: adequate assurance and delivery credit line language customary in bilateral transactions. Sempra will also provide a guarantee of its ultimate parent Sempra Energy (rated BBB+/Baa1) in an amount to be negotiated between the parties.

These terms are for discussion purposes only and are not intended to be a legally binding commitment, which will only result from the execution and delivery of definitive documentation acceptable to each party in its discretion. The information contained herein is believed to be reliable. However, Sempra makes no representation as to the accuracy or completeness of any information contained herein or otherwise provided by Sempra. Sempra is not acting as NSTAR's advisor and the ultimate decision to proceed with any transaction rests solely with NSTAR.. Therefore, before entering into any proposed transaction, NSTAR should determine the economic risks and merits, as well as the legal, tax and accounting characterizations and consequences of the transaction and that it is able to assume those risks.

Sprague
Two International Drive
Portsmouth, New Hampshire 03801-6809

February 14, 2005

Mr. Max Gowen
NSTAR Gas Company
One NSTAR Way, NE 220
Westwood, MA 02090-9230

Dear Mr. Gowen:

On behalf of Sprague Energy we have prepared the attached proposal for your consideration. Please review this proposal and let me know how you want to proceed. Should you have any questions or comments please give me a call.

If you know of any other ways that we can help the NSTAR Gas Company succeed, please give me a call at 603-430-7254. I look forward to hearing from you.

Sincerely,

Claude F. Peyrot

Claude F. Peyrot
Manager, Natural Gas Origination

Attachments

QUALIFICATIONS - INDUSTRY EXPERIENCE

Company Information

Founded in 1870 as a distributor of coal and oil, today Sprague Energy is the leading independent supplier of energy products and related services in the Northeast. Sprague is a $1.5 billion energy company with a network of 20 owned terminals coupled with throughput and exchange arrangements at 50 other facilities enables the company to respond to customer needs that change as rapidly as the New England weather. Through its owned terminals the company also provides material-handling services to a broad range of industries.

Sprague has expanded upon its fuel procurement, handling, and delivery expertise to become one of the Eastern Seaboard's leading resources for industrial, commercial, space heating, and transportation fuels. In 2004 Sprague's revenues are expected to exceed $1.5 billion.

Sprague is a wholly owned subsidiary of Axel Johnson Inc., a member of the Axel Johnson Group of Stockholm, Sweden, with interests in energy, as well as the environmental and telecommunications industries. For more information on Sprague and our corporate parents please visit us at the following web sites.

Sprague Energy:	www.spragueenergy.com
Axel Johnson Inc.:	www.axeljohnson.com/Flash/AJI_Main_Flash.aspx
Axel Johnson Group:	www.axel-johnson.se/e_default.asp

Natural Gas Division

Sprague has been providing its industrial, commercial, utility and wholesale customers with natural gas since 1983. In 2004, we have transported and sold over 160 BCF managing supply from 20 distribution points in seven states over 15 interstate pipelines. Sprague offers competitively priced fuel and flexible programs such as our integrated fuel service program that provides customers with the option to switch fuel sources, as market conditions dictate. We offer a wide range of customized services that includes both firm and swing natural gas services, load following supplies, and transportation and storage optimization services.

Located in Portsmouth, New Hampshire, Sprague's gas marketing division focuses solely on the New England natural gas market. Sprague does this by pooling production from all major domestic and Canadian production areas and moving that gas to the New England market via firm transportation either owned or controlled by Sprague. Sprague professionals balances supply reliability with cost effective balancing and purchasing programs based upon a comprehensive risk and asset management program.

Our products and services are backed by experienced professionals in both the "mid and back office" areas. Sprague's natural gas division currently has over 25 professionals dedicated to optimize your natural gas assets and deliver natural gas when and where it is needed. All of our staff have multiple years of natural gas experience that covers all aspects of our industry.

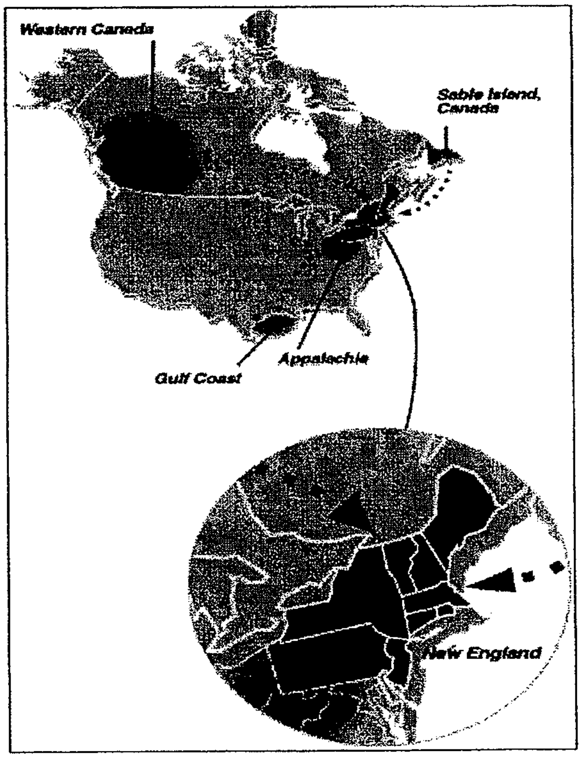

Figure 1
Sprague's Current Marketing Territory

Key Personnel:

Some of the individuals that would be directly involved with NSTAR Gas during the term of any transaction are:

- Miles Allen, Vice President Director Natural Gas Marketing
- Claude Peyrot, Manager Natural Gas Origination
- Rick Neitz, Northeast Trading
- Jason Foulds, Northeast Trading

Operational Hours:

Sprague's normal business hours are from 8 AM to 5 PM Eastern Standard Time Monday through Friday. Outside of normal business hours Sprague has both Gas Supply and Gas Scheduling personal available to handle after hours issues. Sprague has the capability and the ability to nominate and supply natural gas 365 days per year 24 hours a day.

Back Office Capabilities

As a fully integrated natural gas marketing company Sprague has a complete Back Office support system that would be required in order to serve NSTAR Gas's specific requirements. Sprague's dedicated staff includes:

- Traders that provide for both short and long term gas purchasing, short and long term gas sales, daily balancing and transportation capacity optimization.
- Transportation Schedulers that nominate track and confirm all volumetric and balancing transactions on the interstate pipelines.
- Operation Schedulers that nominate track and confirm all volumetric and balancing transactions on the utility systems.
- Risk Management monitors all transactions and clears financial and physical agreements with all counter parties.
- Accounts Payable Department provides a complete suite of accounting services.
- Customer Service Department handles all customer needs with a complete staff of service professionals 24 hours a day, 7 days a week.

Risk Management

Global insecurity and ever increasing regulation have combined to cause great volatility in energy prices and have repeatedly interrupted supply availability. The risks associated with unanticipated price movements and supply shortages can adversely affect credit exposure, working capital requirements, budget expectations and profitability. Sprague Energy offers a wide range of pricing programs that NSTAR Gas can utilize to help mitigate the volatility of its gas supplies.

Financial Information

Sprague Energy and Axel Johnson Inc., Sprague's corporate parent, are whole owned subsidiaries of the Axel Johnson Group. As a privately held company Sprague Energy does not have a published credit rating. Sprague Energy does prepare audited financials but does not publicly issue this document.

To receive a copy of our 2003 or interim 2004 financials you will need to execute the attached Confidentiality Agreement and fax it to 603-430-5320. Once we have received the executed Confidentiality Agreement we will send you our most current financials.

If you have any questions please contact Joe Vogelsang in our Financial Department. Joe can be reached at 603-430-7215.

Conflicts of Interest

Sprague currently has no business activity or potential conflict of interest that might compromise any of the NSTAR Gas Companies' obligations to serve its customers in a reliable and cost-effective manner.

Sprague is a wholly owned subsidiary of Axel Johnson Inc., a member of the Axel Johnson Group of Stockholm, Sweden. As an independent energy company, Sprague has no corporate affiliation with natural gas producers, marketers and/or utilities. In addition Sprague has no current asset management and/or supply obligations that would interfere with our ability to provide for NSTAR Gas's requirements.

Supply Plans

Sprague has the ability to serve NSTAR Gas's requirements on a firm basis. Detailed supply and up stream transportation information can be found in Attachment A.

<u>**Attachment A**</u>
Gas Supply Proposal

Sprague Energy Corporation is pleased to present this proposal to supply firm natural gas supply to NSTAR Gas Company ("NSTAR"). Should you have any questions in regards to this proposal or on any of the terms and conditions contained herein please contact your Sprague sales representative.

The proposed terms and conditions are as follows:

Service:	Firm natural gas supplies
Seller:	Sprague Energy Corp.
Buyer:	NSTAR Gas Company
Term:	November 1, 2004 to March 31, 2008 (see Table 1)
Contract Volume	Up to 16,000 MMBtu/day (see Table 1)
Pipeline:	Algonquin Gas Transmission ("Algonquin")
Delivery Points:	NSTAR City Gates
Supply Details:	Sprague Energy has 25,000 MMBtu per day of firm transportation currently under contract with Algonquin. This capacity is in Sprague's name and the following details can be found on Algonquin's bulletin board. *At this time the firm transportation capacity supporting this proposal is not committed to any third party or tied to any existing third party asset management transactions.*

In order to maximize the flexibility and reliability of our ability to provide for firm deliveries to many of the utilities served by Algonquin, our firm transport was split into two different transportation agreements with two different paths. One agreement has a Lambertville (meter #210) receipt point and a Ponkapoag (meter #52) delivery point. The other agreement has a Beverly (meter #215) receipt point and a Dey Street (meter #4) delivery point. Both agreements have paths that get through all mainline constrains points and delivers on a firm basis to points downstream of Algonquin's Burrillville Compressor Station.

At this time neither transportation agreement designates NSTAR meters #19, #26, #28 and/or #38 as a primary delivery point. However delivering volumes to NSTAR's meters is currently being done with these agreements and can be handled as follows. Sprague is currently working with Algonquin to modify the current primary delivery point locations on our agreements. If Sprague was chosen as the successful bidder we would immediately start negotiations with Algonquin to change our current delivery points to one or more of the requested NSTAR points.

Over the past several winters Sprague has not have any significant problems delivering natural gas to non-primary firm transportation delivery points. Our high reliability history, on Algonquin, is based upon our upstream asset mix, our ability to use multiple receipt points and our detail nomination experience on Algonquin's system.

Commodity Pricing:

REDACTED

Flexibility: Sprague has the ability to provide other types of seasonal pricing options (e.g., winter, summer and monthly). If there is an interest we would like the opportunity to talk with you above building a product that fits your specific requirements.

Attachment B
GENERAL NOTES

1. Upon mutual agreement NSTAR shall have the ability to fix the supply prices. This will be accomplished by locking in the underlying NYMEX price.
2. This document contains proprietary information and this entire document, including attachments, shall be considered confidential. NSTAR shall not disclose any of the terms and provisions contained herein, except to its employees who have a need to know. NSTAR shall not disclose any of the terms and provision to any third party without written authorization from Sprague Energy.
3. Unless noted otherwise all prices are in US dollars and all units are in MMBtus.
4. All volumes quoted above are nominal at the delivery point and exclude volumes associated with fuel downstream of the delivery point.
5. This document is for review and for discussion purposes only. This document is not a formal proposal for final execution.
6. This proposal is subject to the negotiation and execution of an acceptable agreement and may require the approval of Sprague's senior management or Board of Directors.
7. This proposal is based upon market conditions at the time of preparation. This proposal and all the terms and conditions herein are subject to change without notice.

Sprague

Table 1
PRICING DETAILS FOR NSTAR GAS COMPANY

BASE LOAD SUPPLY CONFIGURATIONS

Term:	November 1, 2005 to March 31, 2006		November 1, 2006 to March 31, 2007		November 1, 2006 to March 31, 2007	
Daily Volumes:	5,000	MMBtu per day	10,000	MMBtu per day	16,000	MMBtu per day
Basis Pricing:	REDACTED		REDACTED			

BASE LOAD SUPPLY CONFIGURATIONS

Term:	November 1, 2005 to March 31, 2006		November 1, 2006 to March 31, 2007		November 1, 2006 to March 31, 2007	
Daily Volumes:						
November	2,500	MMBtu per day	5,000	MMBtu per day	8,000	MMBtu per day
December	5,000	MMBtu per day	10,000	MMBtu per day	16,000	MMBtu per day
January	5,000	MMBtu per day	10,000	MMBtu per day	16,000	MMBtu per day
February	5,000	MMBtu per day	10,000	MMBtu per day	16,000	MMBtu per day
March	2,500	MMBtu per day	5,000	MMBtu per day	8,000	MMBtu per day
Basis Pricing:	REDACTED		REDACTED			

Sprague

Table 1
PRICING DETAILS FOR NSTAR GAS COMPANY

BASE LOAD SUPPLY CONFIGURATIONS

Term:	November 1, 2005 to March 31, 2006		November 1, 2006 to March 31, 2007		November 1, 2006 to March 31, 2007	
Daily Volumes:	5,000	MMBtu per day	10,000	MMBtu per day	16,000	MMBtu per day
Basis Pricing:	REDACTED			REDACTED		

BASE LOAD SUPPLY CONFIGURATIONS

Term:	November 1, 2005 to March 31, 2006		November 1, 2006 to March 31, 2007		November 1, 2006 to March 31, 2007	
Daily Volumes:						
November	2,500	MMBtu per day	5,000	MMBtu per day	8,000	MMBtu per day
December	5,000	MMBtu per day	10,000	MMBtu per day	16,000	MMBtu per day
January	5,000	MMBtu per day	10,000	MMBtu per day	16,000	MMBtu per day
February	5,000	MMBtu per day	10,000	MMBtu per day	16,000	MMBtu per day
March	2,500	MMBtu per day	5,000	MMBtu per day	8,000	MMBtu per day
Basis Pricing:	REDACTED			REDACTED		

Exh. DTE-NSTAR-2-6 (h)

Gowen, Max

From: Molina, Diego [DMolina@coral-energy.com]
Sent: Monday, February 14, 2005 4:03 PM
To: 'Gowen, Max'
Subject: Shell Trading - RFP For Winter Season Supplies Beginning November 1, 2005
Importance: High

Max, attached you will find Shell Trading's response to your RFP. Thank you for considering Shell Trading as a potential supplier. We look forward to working with NSTAR toward a mutually beneficial agreement. Please do not hesitate to call with any questions you may have. Thank you.

Best Regards,
Diego Molina
713-767-5345

-----Original Message-----
From: Gowen, Max [mailto:Max_Gowen@nstaronline.com]
Sent: Tuesday, January 18, 2005 2:04 PM
To: Daly, James
Subject: RFP For Winter Season Supplies Beginning November 1, 2005

The actual RFP is attached to this e-mail.

. <<NSTAR Gas RFP Jan 05 Final.DOC>>

NSTAR Gas is issuing this RFP to solicit bids for firm winter seasonal supplies beginning November 1, 2005. The RFP includes a description of of the desired typs of supplies desired.

You will note that the request is for delivered supplies on the Algonquin system at specific stations, including the Plymouth station which is on the Algonquin G-system. NSTAR recognizes that it may have to have Algonquin expand its G-system in order for NSTAR to take incremental firm deliveries in Plymouth. If parties can deliver on a primary firm basis to Plymouth, they are encouraged to do so. If parties can not deliver gas firm to Plymouth but can deliver gas to other points on the Algonquin system downstream of Burrillvile, they are encouraged to bid based on what they can do. NSTAR will factor in the costs of Algonquin expanding the G-system, based on the receipt points offered by the bidder.

Responses to the RFP are due on February 14, 2005 by 4:00 PM, as stated in the RFP.

If you have questions regarding the RFP, please contact me at 781 441-3556. If in answering questions for any potential bidder, we determine that the response to the question is important to all bidders , we will circulate a written response to all potential bidders via e-mail.

Sincerely,

Max Gowen
Senior Energy Supply Analyst
NSTAR Electric & Gas
One NSTAR Way, NE220
Westwood, MA 02090-9230

Shell Trading

February 14, 2005

Mr. Max Gowen
NSTAR Gas Company
One NSTAR Way, NE 220
Westwood, MA 02090-9230
Sent via Email to: max_gowen@nstaronline.com

Attention: Mr. Max Gowen

Dear Mr. Gowen

Re: Request for Proposal for NSTAR Gas Company for Natural Gas Supply

Coral Energy Resources, L.P. ("Coral") is pleased to provide a response to your Request for Proposals for Natural Gas Supply (RFP). We are interested in providing baseload natural gas supply to NSTAR Gas Company ("NSTAR"). Coral has endeavored to be as complete as possible in preparing this response, recognizing that further discussions may be necessary to finalize all matters pertaining to this Transaction.

Coral believes it can provide NSTAR with a financially strong and market-capable supplier. Coral is looking forward to working with NSTAR to help meet its supply needs.

Coral is part of the Royal Dutch Shell Group of companies. Coral was originally created in 1995, and is now one of the top energy service companies in North America selling in excess of 9.3 Bcf/d. We purchase virtually all of Shell's North American gas production and market it, as well as third party volumes, throughout the continent.

If you have any questions with respect to this RFP response, please contact the undersigned at (713) 767-5345 (Email: dmolina@coral-energy.com). We look forward to your response.

Yours truly,

CORAL ENERGY RESOURCES, L.P.

Diego Molina
Director of
Risk Management/Origination

Enclosure: Natural Gas Supply

Natural Gas Firm Sales Proposal

Algonquin Pipeline:

- **Volume**: *5,000dts per day*
- **Delivery Point**: *Citygate deliveries to Plymouth, Needham and Cambridge.*
- **Term**: *Nov 1, 2005 through Mar 31, 2006*
- **Flexibilty**: *N/A (Baseload only)*
- **Pricing**: REDACTED
- **Type of Service**: *Firm Monthly Baseload*

This Proposal is to facilitate preliminary discussions between the parties and the preparation of an agreement and is not intended to create a binding or enforceable agreement or to be a complete statement of all of the terms to be included in the agreement. Execution of an agreement evidencing binding commitments to proceed with the transactions contemplated by this Proposal is subject to the negotiation of all appropriate provisions of the agreement, including without limitation those relating to limitation of damages, and subsequent management approvals of the agreement. This Proposal is deemed confidential information of the parties. This indication is subject to refresh due to market movement.

These proposals do not constitute an offer, a solicitation of an offer or a commitment by Coral Energy, L.P. or any parent of affiliate of Coral Energy, L.P. to engage in any transaction or alliance with NSTAR Gas Company. The transactions described herein are subject to further review and approval of Coral Energy, L.P. and the execution of definitive agreements containing all appropriate provisions, including those relating to credit and limitation of damages. These proposals do not purport to identify any or all the risks (direct or indirect) which may be associated with the proposed transaction(s). As the information contained herein is proprietary, Coral requests that this material be considered confidential.

Natural Gas Firm Sales Proposal

Algonquin Pipeline:

- **Volume**: *5,000dts per day*
- **Delivery Point**: *Citygate deliveries to Plymouth, Needham and Cambridge.*
- **Term**: *Nov 1, 2005 through Mar 31, 2006*
- **Flexibilty**: *N/A (Baseload only)*
- **Pricing**: REDACTED
- **Type of Service**: *Firm Monthly Baseload*

This Proposal is to facilitate preliminary discussions between the parties and the preparation of an agreement and is not intended to create a binding or enforceable agreement or to be a complete statement of all of the terms to be included in the agreement. Execution of an agreement evidencing binding commitments to proceed with the transactions contemplated by this Proposal is subject to the negotiation of all appropriate provisions of the agreement, including without limitation those relating to limitation of damages, and subsequent management approvals of the agreement. This Proposal is deemed confidential information of the parties. This indication is subject to refresh due to market movement.

These proposals do not constitute an offer, a solicitation of an offer or a commitment by Coral Energy, L.P. or any parent of affiliate of Coral Energy, L.P. to engage in any transaction or alliance with NSTAR Gas Company. The transactions described herein are subject to further review and approval of Coral Energy, L.P. and the execution of definitive agreements containing all appropriate provisions, including those relating to credit and limitation of damages. These proposals do not purport to identify any or all the risks (direct or indirect) which may be associated with the proposed transaction(s). As the information contained herein is proprietary, Coral requests that this material be considered confidential.

Exh. DTE-NSTAR-2-6 (i)

TXU

David F. Jones
Director
East Gas Origination
TXU Portfolio Management
1717 Main Street
Dallas, TX 75201
214-875-9173
214-875-9356 (fax)
david.f.jones@txu.com

February 14, 2005

Max Gowen
NSTAR Gas Company
One NSTAR Way, NE
Westwood, MA 02090-9230

Dear Max:

TXU Portfolio Management Company LP, (TXU Energy) is pleased to submit this proposal for delivered supply to NSTAR Gas Company (NSTAR). We are excited about the prospect of continuing our supply relationship through this transaction. As you may be aware, TXU Energy's position as one of the largest generator of electricity and top supplier of natural gas means we are positioned and experienced to deliver those products and services requested in the RFP. Hopefully, your past experience with TXU Energy confirms our belief that customers, similar to NSTAR, are pleased with our services from up-front negotiations to back office accounting.

The enclosed response is TXU Energy's indicative offer that is based on current market conditions and subject to the execution of a definitive agreement and credit verification. If you need to discuss the offer, feel free to call me at (214) 875-9173.

Thank you for considering us.

With regards,

David F. Jones
Director, East Gas Origination

Firm Gas Supply on the Algonquin Gas Transmission System	
Type of Service:	TXU to sell Firm gas supply delivered to NSTAR Gas' Algonquin City-gates
Customer:	NSTAR Gas
Gas Supply Service Provider:	TXU Portfolio Management Company LP (TXU)
Assets Assigned:	No upstream assets assigned to TXU for this transaction
Term of Supply Arrangement: Option I Option II Option III	 November 1, 2007 – March 31, 2008 November 1, 2006 – March 31, 2008 (Winter only) November 1, 2005 – March 31, 2008 (Winter only)
Receipt Pipeline:	Algonquin Gas Transmission
Delivery Point: Option I Option II Option III	 NSTAR Gas' Algonquin City-gate - Cambridge NSTAR Gas' Algonquin City-gate - Framingham NSTAR Gas' Algonquin City-gate - New Bedford
Firm Supply Obligations: Option I Option II Option III	Volume Commitment — Term 2,000 MMBtu/day — Winter 2007-08 4,000 MMBtu/day — Winter 2006-2007 7,000 MMBtu/day — Winter 2007-2008 5,000 MMBtu/day — Winter 2005-2006 6,000 MMBtu/day — Winter 2006-2007 7,000 MMBtu/day — Winter 2007-2008
Nomination Flexibility:	This supply is considered firm and baseload..

Commodity Pricing:	Gas supply requested by NSTAR over the term of this arrangement shall be priced in the following manner: Term
Option I	REDACTED — Winter 2007 - 2008
Option II	Winter 2006-2007 Winter 2007-2008
Option III	Winter 2005-2006 Winter 2006-2007 Winter 2007-2008
Force Majeure:	Substantially similar to the previously expired ***Gas Sales and Purchase Agreement between TXU and NSTAR.***

Firm Gas Supply on the Algonquin Gas Transmission System	
Type of Service:	TXU to sell Firm gas supply delivered to NSTAR Gas' Algonquin City-gates
Customer:	NSTAR Gas
Gas Supply Service Provider:	TXU Portfolio Management Company LP (TXU)
Assets Assigned:	No upstream assets assigned to TXU for this transaction
Term of Supply Arrangement:	
Option I	November 1, 2007 – March 31, 2008
Option II	November 1, 2006 – March 31, 2008 (Winter only)
Option III	November 1, 2005 – March 31, 2008 (Winter only)
Receipt Pipeline:	Algonquin Gas Transmission
Delivery Point:	
Option I	NSTAR Gas' Algonquin City-gate - Cambridge
Option II	NSTAR Gas' Algonquin City-gate - Framingham
Option III	NSTAR Gas' Algonquin City-gate - New Bedford
Firm Supply Obligations:	<u>Volume Commitment</u> — <u>Term</u>
Option I	2,000 MMBtu/day — Winter 2007-08
Option II	4,000 MMBtu/day — Winter 2006-2007 7,000 MMBtu/day — Winter 2007-2008
Option III	5,000 MMBtu/day — Winter 2005-2006 6,000 MMBtu/day — Winter 2006-2007 7,000 MMBtu/day — Winter 2007-2008
Nomination Flexibility:	This supply is considered firm and baseload..

Commodity Pricing:	Gas supply requested by NSTAR over the term of this arrangement shall be priced in the following manner:
	Term
Option I	Winter 2007 - 2008
Option II	REDACTED Winter 2006-2007 Winter 2007-2008
Option III	Winter 2005-2006 Winter 2006-2007 Winter 2007-2008
Force Majeure:	Substantially similar to the previously expired ***<u>Gas Sales and Purchase Agreement between TXU and NSTAR.</u>***

February 14, 2005
Strictly private and confidential

Max Gowen
NSTAR Gas Company
One NSTAR Way, NE 220
Westwood, MA 02090-9230

Re: Response to Request for Proposal

Dear Mr. Max Gowen:

On behalf of Northeast Energy Associates ("NEA"), FPL Energy Power Marketing, Inc. ("PMI") is pleased to submit this conditional proposal (the "Proposal") in response to NSTAR Gas Company's ("NSTAR") invitation to submit a final bid regarding the purchase of firm natural gas supplies on the Algonquin Gas Transmission System, dated January 18, 2005 (the "NSTAR RFP"). NSTAR, through the NSTAR RFP process, is seeking firm gas supply and related transportation and storage services.

As you are aware, NEA is currently administering its own request for proposal (the "NEA RFP") with the objective being the permanent assignment of certain of its gas transportation and storage contracts (collectively, "Gas Assets") at the effective rates for the entirety of the relevant contractual term.

On February 7, 2005, NSTAR responded to the NEA RFP by offering to acquire,

REDACTED

NSTAR's response to the NEA RFP was conditioned on NSTAR's evaluation of its RFP responses and the approval of NSTAR's long range supply plan by the Massachusetts Department of Telecommunications and Energy ("DTE"). NSTAR also encouraged NEA to offer the by submitting a response to the NSTAR RFP.

REDACTED

PMI, on behalf of NEA, is pleased to submit for your review and pursuant to the NSTAR RPP, the following Proposal related to the REDACTED NEA would offer the to NSTAR on the following terms and conditions:

REDACTED

REDACTED

REDACTED

This letter constitutes an indication of interest on the part of NEA and is intended solely as a basis for discussions. It does not constitute an offer capable of acceptance and no legally binding commitment or obligation related to the subject matter of this document shall exist until the execution and delivery of definitive contracts containing terms and conditions acceptable to both parties, each in its sole discretion.

PMI and NEA look forward to working with NSTAR to make this transaction occur. We anticipate that the Proposal could be finalized in a manner that achieves NSTAR's timeline objectives as set forth in the NSTAR RFP. Please contact me with any questions or points of clarification you may have.

Sincerely,
FPL Energy Power Marketing, Inc.

____

Duncan Rhodes
Gas Origination

Exh. DTE-NSTAR-
2-10 (a)

NJR
Energy Services
A New Jersey Resources Company

DRAFT TERM SHEET

Seller: NJR Energy Services (NJRES)

Buyer: NSTAR Gas Company

Term: Five seasonal periods, November through March, beginning November 1, 2006 through March 31, 2011

Product: Firm baseload gas delivered at Tennessee Meter Station 020109

Pricing:

REDACTED

-
- REDACTED

Volume: 4553 MMBTus/day at Waddington less fuel from Waddington to Tennessee Meter Station 020109.

Special Provisions: NSTAR will release to NJRES the corresponding capacity on IGT and Tennessee at the maximum reservation rates for each pipeline for the term of the supply agreement.

Financial Reports: To access NJR's most recent financial report please use the attached link: http://www.shareholder.com/visitors/dynamicdoc/document.cfm?documentid=726&companyid=NJR

Supply Sources: NJRES has firm capacity on TransCanada from Dawn to Waddington and would utilize NSTAR's capacity on Iroquois and Tennessee to make the firm deliveries to the Tennessee Meter Station 020109.

Exh. DTE-NSTAR-
2-10 (b)

CONFIDENTIAL

OUTLINE OF PRICING AND OTHER TERMS FOR FIRM COMBINATION SERVICE

NSTAR ELECTRIC & GAS CORPORATION

DATE:	06/23/2005
SELLER:	Distrigas of Massachusetts LLC ("Seller")
BUYER:	NSTAR Electric & Gas Corporation ("Buyer")
LEVEL OF SERVICE:	Firm Combination Service
COMMENCEMENT DATE:	11/01/2005
TERMINATION DATE:	10/31/2010
QUANTITY:	MDQ: 7,000 MMBtu
	ACQ: 1,057,000 MMBtu
	Buyer acknowledges that Buyer cannot take more than 300,000 MMBtu in liquid form during any contract year.
DELIVERY:	Vapor: The interconnection between the Buyers facilities at Plymouth and Algonquin Gas Transmission on a secondary basis. To the extent Buyer wishes to purchase gas delivered on a primary basis and Seller has the available capacity to accommodate said request, (the availability of the capacity is currently under review), the parties can negotiate the additional cost associated with the primary point.
	Liquid: The Tailgate of the Sellers Everett Marine LNG Terminal
PRICE:	Call Payment: REDACTED
	Commodity Rate: REDACTED
OTHER:	This outline is strictly confidential
	Other contract provisions including metering, measurement, billing and payment, force majeure and related provisions will be pursuant to Seller's FERC Gas Tariff.
	This proposal, and any agreement resulting therefrom, is subject to final Suez LNG NA Board approval or equivalent.
	This proposal is also subject to Buyer's satisfying Seller's creditworthiness requirements, to

be determined in Seller's sole discretion prior to the execution of a binding Contract. Buyer shall be required to maintain such credit worthiness throughout the term of the Contract.

Buyer and Seller recognize and acknowledge that this Proposal is not legally binding on either party and is intended for negotiation purposes only. Neither party has any obligation to enter into a binding legal agreement or to pursue this proposal. Any agreement would be subject to the parties' execution of a mutually agreeable Contract.

This proposal is valid for acceptance by Buyer until 5 p.m. (EST) on June 29, 2005, unless revoked by Seller prior to that date and time.